

MEMORANDUM FOR: [REDACTED]

25X1A9a

FROM: [REDACTED]

SUBJECT: 25X1X7 Reply to [REDACTED] Questions on Certain CIA Figures
for Communist Economic Assistance to Less
Developed Countries

25X1X7

25X1X7 As a result of my conversations with [REDACTED] of the
[REDACTED] a number of questions were raised
about credits carried by CIA that are at variance with those
25X1X7 carried by [REDACTED] I am listing below the information on
which we have based our judgements and, wherever possible, have
appended relevant source materials. We would welcome further
25X1X7 comments from [REDACTED] and his staff, especially those that might
emanate from the forthcoming report for 1965.

Please offer my apologies for the delay in transmitting this
information, but on my return I became involved immediately in
preparing the Semiannual -- now the Annual.

1. Extension Dates of Brazil-East European Credit Accords:

Czechoslovakia, May 1961
Poland, Nov 1962
Rumania, May 1961

The Czech and Rumanian accords became operative on signing.

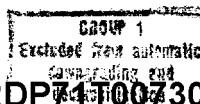
Excerpts from agreements below:

Rumania Accord, Article XXIII

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[REDACTED] This agreement will take effect on the date the respective
ratification documents are exchanged. Meanwhile, the pro-
visions of this agreement will be applied temporarily, on the
date the undersigned notify each other of the prior accept-
ance of the above provisions by competent authorities of
each government.

Signed May 1961



25X1A2g Czechoslovakian Accord, Article VI

While waiting for the exchange of ratification documents of the trade and payments agreement of 24 June 1960, both parties will make its provisions immediately and provisionally applicable.

Signed 19 May 1961.

The Polish agreement, however, did not become effective until probably late in 1962.

25X1A2g Polish Accord, Article XI

The present protocol shall come into force after the confirmation of its validity by the respective authorities of the two countries, the day when the documents of confirmation are exchanged.

Since no provision was made for the temporary application of the accord, the formal ratification date, early in 1963, normally would be the date of the credit extension. Nevertheless, November 1962 is considered as the date of extension because the Brazilian Embassy in Washington announced the credit in its Newsletter of November 1962. Moreover, in December 1962 a contract was signed under the credit to build a thermal electric plant in the Rio Grande du Sol. (This contract has since been abrogated.)

This situation can be explained by the fact that the formality of ratification is not always observed in Brazil, and there are other examples of agreements that were operative before they required ratification. (Note Attachment A)

2. Drawings on Brazilian-Rumanian Credit of 1961: As of 30 December 1965, total deliveries under this credit are estimated at \$7 million. This figure represents the estimated value of

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[REDACTED] 16 rigs and related equipment that were purchased by Brazil, presumably under the credit, and all believed to be delivered by the end of 1965.

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3. Drawings on Brazil-Czech Credit of 1961: Early in 1965 the

[REDACTED] stated that only \$5 to \$6 million of

A-129720
25 May 1965

Czech credits had been used. Later in the year the American

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Embassy in Rio estimated total drawings of \$10 million. This

latter figure has been accepted by CIA as total cumulative drawings on the credit through the end of 1965.

State A-421740
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4. Indonesian-Polish Credit of August 1961: This credit is carried as \$37.5 million, although the original agreement provided for only \$30 million in credits which were to cover 80 percent of the f.o.b. value of deliveries under the credit. A protocol signed in 1962 eliminated the downpayment provision and specified that credits were to cover 100 percent of the foreign exchange costs. (Note Attachment B) To cover these increased costs that were now to come under the credit, the amount of the credit was raised by \$7.5 million.

5. Indonesia-Chinese Communist Credits: The date of extension of the \$30 million Chinese Communist credit is carried as October 1961. Although the credit may have been offered at an earlier date, all of our sources give the actual date of the agreement as 11 October 1961. (Note Attachment C)

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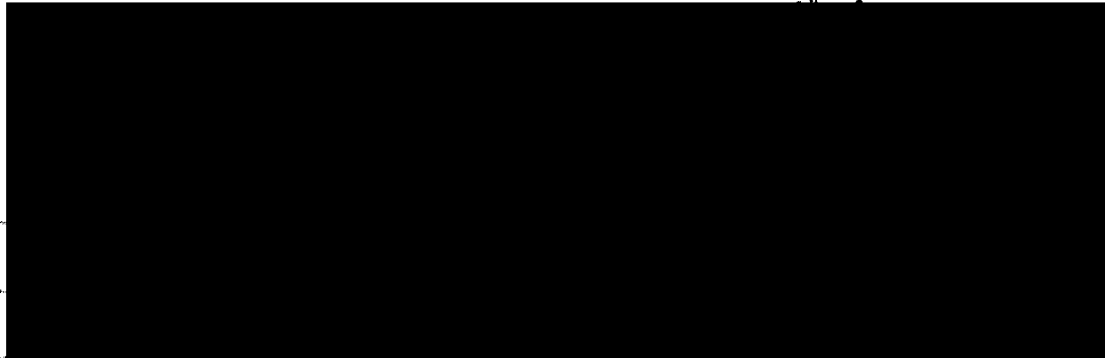
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Appro

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6. Cambodia-Czechoslovakia 1961 Credit: ~~We carry the 1961 line~~ *CIA Antismash believes*
~~that the \$14.7 million is high in terms of the~~
~~of credit at \$4.5 million. This figure is indicative of a 20 per-~~
~~centage discount required on all deliveries. Is it possible that~~
figure

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shall

7. Yemen-USSR: CIA figure for the March 1964 Soviet credit to
Yemen has been revised upward to \$72.2 million

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8. Iran-USSR: The recently announced figure of \$290 million as
the value of the credit for the steel mill, machine tools plant
and technical services for part of the pipe line will be included
in the estimate of credits extended during 1965. In spite of the
fact that the agreement, stipulating the amount of the credit, was
not signed until 15 January 1966, agreement on project assistance
was reached in June 1965 during the Shah's visit to Moscow and an
agreement was signed in October 1965 to provide technical and
financial assistance to Iran. Thus, the credit will be carried as
a 1965 credit, although we may change the extension date to 1966
at a later time.

9. Turkey-USSR: An estimated figure of \$200 million for Soviet
aid to Turkey will be included in the 1965 estimate of credit

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extensions. (Based on estimates in the London Times, 15 November 1965, of \$200 million) Although the value of the credit is contingent on the results of surveys currently being undertaken (as was the case in Iran), 1965 is considered as the date of the extension since the agreement to cooperate in undertaking several specific projects was signed during 1965. As for Iran, it may be appropriate at some later date to change the year of extension to 1966.

10. UAR-Bulgaria: October 1965 credit of \$37 million. (Note Attachment E)

11. UAR-Hungary: Loan of \$42 million in 1965.

Agreement reported to have been signed 5 November 1965.

The Cairo press stated at that time that it would be a long term loan, repayable in installments in Egyptian commodities. MENA reported again on 7 February 1966 that Hungary will provide the UAR with capital goods, factories and spare parts worth 15 million pounds sterling under the terms of a 5 year trade and economic cooperation agreement signed in Cairo.

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American Embassy, Cairo, reported on 19 November 1965 that an economic cooperation agreement was signed with Hungary on 5 November, whereby the UAR will receive additional credits of 15 million pounds sterling to finance factories and industrial equipment under the Second Five Year Plan. According to the Cairo press, it will be a long-term loan, repayable in installments, in Egyptian commodities.

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12. Ghana-USSR: Allocation of credits to consumer goods purchases, under the 1960 and 1961 accords. (Note Attachment F)

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13. Ghana-USSR: IL-18 aircraft. (Note Attachment G)

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[REDACTED] CIA will carry the following additional Soviet credits in our tables in the future:

August 1961 -- Fishing trawlers -- \$2.8 million. (Excludes 40 percent downpayment)

September 1961 Agricultural Machinery -- \$1.4 million (Excludes 10 percent downpayment.)

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TRANSMITTAL SLIP		DATE 17 Feb 1966
TO: [REDACTED], ORR/St/P/C 25X1A9a		
ROOM NO.	BUILDING	
REMARKS:		
<p>Jeanne: Attachments A and B ([REDACTED] 25X1A2g and [REDACTED] may be passed [REDACTED] 25X1X7 [REDACTED] substance only, deleting 25X1C any Hq., Field, or Source comments. 25X1A2g [REDACTED] sanitized, was passed to the [REDACTED] in 1963, if you care. 25X1X7</p>		
FROM: INT/RC [REDACTED] 25X1A		
ROOM NO.	BUILDING	EXTENSION

FORM NO. 241 1 FEB 55
 REPLACES FORM 36-8 WHICH MAY BE USED.
 ☆ GPO: 1957-O-439445 (47)